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ANNUAL REPORT

for the fiscal year

ended 31 March 1982

Alberta

SECURITIES COMMISSION

Alberta
CONSUMER AND CORPORATE AFFAIRS

Office of the Minister

402 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-2305

The Honourable G. Amerongen
Office of the Speaker
Legislative Assembly of Alberta

Sir:

I have the honour to submit the annual report prepared by the Chairman of the Alberta Securities Commission for the year ending March 31, 1982.

Respectfully submitted,

JULIAN KOZIAK
Minister of Consumer and Corporate Affairs

Alberta
SECURITIES COMMISSION

10th Floor, 10065 Jasper Avenue, Edmonton, Alberta, Canada T5J 3B1 403/427-5201 Telex 037-2701 Alsecom Edm

The Honourable Julian Koziak
Minister of Consumer and Corporate Affairs

Sir:

I have the honour to submit the Annual Report of the Alberta Securities Commission for the year ending March 31, 1982.

Respectfully submitted,

W. T. Pidruchney, Q.C.,
Chairman
Alberta Securities Commission

THE ALBERTA SECURITIES COMMISSION
ANNUAL REPORT 1981/82

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Summary

The objective of the Alberta Securities Commission is to regulate investment activity in the province for the benefit of the public and the small investor. During 1981/82, Alberta's economy continued to attract people and companies from all over the world. These circumstances have established Alberta as a focal point of activity and interest for investors in Canada and elsewhere. As a result of this intense financial activity the Commission's resources have been stretched to the limit.

Increasing investment activity has been evident in many ways. One measurement of this activity is the increase in the overall workload at the Commission – a workload which grew 14 percent during 1981/82. The face value of prospectus submissions decreased during 1981/82. However, more capital continued to be raised by way of exemptions.

The Alberta Stock Exchange experienced a 10 percent increase in share volume traded and a 9 percent decrease in dollar value during the 1981 calendar year. The over-the-counter market displayed increased activity, resulting in more complaints and more investigative work by the Commission's enforcement staff.

Alberta, the only jurisdiction affording legislative protection to franchise investors, experienced a 6 percent increase in the number of registration filings and applications for exemptions under The Franchises Act.

The Commission staff wishes to express their appreciation to various North American law enforcement agencies, the Canadian stock exchanges, the Investment Dealers' Association and the Alberta media for the co-operation received by the Commission in the course of administering the Acts under its jurisdiction. Without this co-operation the protection of the investing public would be much more difficult.

Purpose and Structure

The main purpose of the Alberta Securities Commission is to protect investing members of the public by regulating both the sale of the investments and the sales people. Basically, this protection is achieved by requiring full, true and plain disclosure about all material aspects of an investment and by ensuring that only knowledgeable and responsible people sell securities and other investments. The Commission has legislative authority for the administration of The Securities Act, The Franchises Act, and The Deposits Regulation Act; the administration of The Prearranged Funeral Services Act and The Cemeteries Act was transferred to the Director of Licensing of Trades and Business of the Department of Consumer & Corporate Affairs effective March 8, 1982.

The Alberta Securities Commission consists of a full-time chairman and two part-time members. Mr. W. T. Pidruchney is the Chairman and Mr. D. R. Craig, and Mr. R. G. Donlevy are part-time members of the Commission. Mr. Pidruchney became Chairman after Ms. J. B. Veit was appointed to the Court of Queen's Bench.

Commission members make orders and rulings on the more important and/or controversial aspects of the various acts under its jurisdiction. The Commission also initiates investigations and acts as an appeal body to which members of the public can appeal a staff decision or ruling.

The Commission currently has 59 staff positions, which are organized into four sections: securities, franchises, registration/administration and enforcement (see Appendix 1). The majority of staff are located in Edmonton, with four investigators and two secretaries staffing Commission offices in Calgary.

The Securities Act

The definition of securities is very broad, but the more common forms are stocks, bonds, debentures and notes. It may also include the sale of partnership interests, investment contracts and tax shelters of various types. The main purpose of The Securities Act is to require issuers of securities to provide to members of the investing public who trade in securities, all material information relating to the issuer and the securities being offered in order that investors may make an informed business judgment when purchasing new securities. The Commission oversees the operations of the staff and is available for appeals, decisions and rulings. The division of responsibility breaks down in the following fashion:

Securities

Before an issuer is allowed to sell securities from its treasury to the public, written information must be presented to the purchaser prior to the actual sale. This material can take several forms. The most popular forms are prospectuses, statements of material facts, syndicate agreements and rights offerings.

The Commission's securities section examines these offering documents in order to check that the issuer has complied with the legislation and regulations. It checks that the information being presented to potential investors provides full, true and plain disclosure about the issuer and its activities. Only after the Commission's securities staff have completed a review and the offering documents have been accepted for filing, are new securities allowed to be sold to the public.

Subsequent to filing a prospectus or other documents related to the sale of securities, an issuer must provide the security holders with annual reports, notice of annual meetings and regular financial statements. Corporate insiders must report to the Commission all trades they make which involve their own personal company's shares. Total securities prospectus filings rose 9 percent in 1981/82 from the previous year.

Registrations

In general, registration is required before securities are traded with the public, whether the securities be in the form of common stock, mutual fund shares, bonds, debentures, term certificates or notes.

Through the registration of a company and its officers, directors and salesmen, the Commission strives to allow only trustworthy and knowledgeable individuals to deal with the public. Corporate registrants must at all times meet financial standards set by the Commission. In some cases companies and/or individuals must obtain bonding.

The two broad categories of registration are dealers and advisers. Dealers buy and sell securities as principals and agents, while advisers offer advice and/or manage investments. Seventeen new dealers have been registered in 1981/82. Not only do these new firms add to Alberta's importance as a financial center, but they offer Alberta investors alternatives in their selections of investments and markets.

There were ten new registrations of security issuers in 1981/82. This category is similar to a dealer registration but is usually granted for the purpose of selling one specific issue for a limited period of time. Five investment counsel were also registered in 1981/82.

The total number of salesmen registered under The Securities Act at year-end increased approximately 28 percent from the previous year-end.

Enforcement

1. Investigations

The Enforcement Section devoted approximately 11,200 man hours in 1981/82 towards investigations. A staff of eight investigators conducted inquiries, interviews, searches and other investigative procedures to obtain facts, records and documents that would help resolve questions and complaints raised both within and beyond the Commission. The emphasis centered upon The Securities Act and The Franchises Act, as would be expected, with scope of activity ranging from fielding of simple telephone inquiries to joint inter-jurisdictional investigative operations. Over 1,600 complaints/ inquiries were fielded by the Enforcement staff in Edmonton and Calgary. These are exclusive of those answered by the Deputy Director/Enforcement who is responsible for enforcement activity. A close working relationship with police forces, stock exchanges, self-regulatory bodies within the brokerage industry, and other governmental regulatory agencies throughout the continent greatly enhanced the effectiveness of investigations.

The Enforcement staff also conducted internal procedures to examine filings for accuracy, fitness and timeliness. It regularly checked background information on directors, officers and applicants. It audited exempted offerings and insider trades. It monitored filings of statutory financial statements. Where appropriate, advisory notices were sent or delinquencies brought to the Deputy Director/Enforcement for punitive action.

2. Hearings

The Enforcement staff conducted examinations, most of which were under oath, relative to applications to register salesmen under the various statutes. Complaints against the conduct of registrants were duly researched to ascertain both sides of the alleged misconduct. The impact of industry self-regulatory procedures has meant a decrease in Commission disciplinary hearings.

3. Prosecutions

Charges were laid under The Securities Act and The Franchises Act which typically resulted in convictions.

4. Surveillance of the Marketplace

The surveillance function is an integral part of enforcement activity. Coupled with a good intelligence network, the Enforcement staff sought to detect unhealthy situations in the securities market and to take positive action to prevent abuse or alleviate damage.

The surveillance function of the listed market is immeasurably assisted by a Market-Minding And Reference Service (MARS) computerized terminal in the Calgary Investigations Branch office. This read-out terminal provided instantaneous trading data of stocks listed on the ASE and supplements the Commission's physical presence on the floor of the Exchange.

5. Cease Trade Orders

Trading of a company's securities, whether on the OTC or the listed market, may be halted by a Commission Cease Trade Order. This is often an appropriate remedy where the price and volume of securities traded has increased or decreased unexpectedly and without apparent explanation. By a halt of trading, the Commission provides time to ensure that investors are once again placed on equal footing with respect to material information. The cease trade order is also often used for failure to comply with the reporting requirements to shareholders.

6. Denial of Exemption Orders

The Commission staff continues to utilize a procedure whereby the statutory exemptions in the Securities Act may be taken away from any party for valid cause. This enforcement remedy is used on a very selective basis and the punitive aspects of its employment is often more effective than any court processes.

The Commission

During the year, 752 orders and rulings were made, up 18 percent from the previous year.

The Franchises Act

The Franchises Act is designed to protect the franchise investor in his dealings with individuals and companies selling franchises. Like The Securities Act, the companies and salesmen marketing franchises are registered and a franchisor's Prospectus or Statement of Material Facts is examined by the Commission staff for accuracy and fairness.

Filings received for registration, exemption and amendments in the 1981/82 year increased 6 percent over those received in the 1980/81 year. Salesmen's registrations received in 1981/82 decreased 2 percent over those received in 1980/81 year.

The Franchises Act was proclaimed to be in effect on November 16, 1972 and is gradually becoming better known to the public. The education of the public in this area has placed extra pressure on the Commission's staff. The Commission has offered advice to officials of other jurisdictions now contemplating the introduction of franchise legislation and to assist in uniformity among the provinces.

The Cemeteries Act and The Prearranged Funeral Services Act

The Commission administered the portion of The Cemeteries Act dealing with the sale of plots, supplies and services on a pre-need basis by commercial cemeteries and The Prearranged Funeral Services Act until March 8, 1982, at which time this responsibility was transferred to the Director of Licensing of Trades and Business of the Department of Consumer & Corporate Affairs. The Commission also supervises and directs the administration of one commercial cemetery which was unable to meet its contractual obligations. The Commission is negotiating the sale of this cemetery.

The main activity of the Commission under both of these statutes was the registration of salesmen. The level of activity in these areas to March 8, 1982 is noted in Appendix 2.

The Deposits Regulation Act

The Commission regulated the solicitation of deposits from the public by persons or organizations which are not exempted by administering The Deposits Regulation Act.

THE SECURITIES ACT

A BASIC REVIEW OF TRADING IN SECURITIES UNDER THE CLOSED SYSTEM

I. Introduction

On February 1, 1982, the present Alberta Securities Act (S.A. 1981, c.S-6.1, as amended) (the "Act") came into force. This Act, largely based on Ontario's securities legislation, has revised securities law in this province by introducing new concepts and as a result makes it easier for the public to trade in securities.

The Act largely restricts two major areas of conduct relating to the trading of securities:

1. the registration of persons or companies; and
2. the requirement that there be full, true, plain and timely disclosure made to persons or companies holding or purchasing securities.

The need for the registration of persons or companies is simply to ensure that those who deal in securities are properly qualified to give advice in relation to the sale of securities. The Alberta Securities Commission (the "Commission") also wishes to ensure that persons or companies purchasing securities ("investors") do so on the basis of "full, true and plain disclosure" not only about the securities but also about the person or company which is issuing the securities (the "issuer"). In addition, the Commission also wants to ensure that after purchasing the securities, the investor shall receive continuous disclosure about the affairs of the issuer in order that the investor is constantly up-dated about the affairs of the issuer.

It is these two fundamental points – registration and disclosure, which run throughout the Act and it is the responsibility of the Commission to ensure that these points are adhered to whenever there is a trade in securities. The Commission is firmly of the view that in order to maintain a healthy investment environment, it is absolutely crucial that investors have full confidence, not only in the persons dealing in securities (i.e. brokers, dealers, salesmen), but also that they have some assurance that they are receiving as complete a level of disclosure as possible.

This paper shall provide a very basic overview of how a trade in securities may be effected under the Act keeping in mind the general principles of the Act which have already been referred to, and concentrating particularly on the disclosure element. In doing so, this paper shall touch upon the principle terms and key concepts which are fundamental to an understanding of the legislation. This paper shall not, however, deal with the registration aspects of the Act, except to provide a reminder that unless there is a registration exemption in the Act for a trade in securities (see section 65(1) of the Act), then that trade must be made through the facilities of a person or company (i.e. dealer, broker, salesman), who is registered under the Act and the regulations to deal in securities.

II. Security Interests

In approaching a study of the Act, the first question that should be asked is: Are we dealing in a security? The answer to that question will determine whether or not the Securities Act need be examined. Obviously, if we are not dealing in a security, then there is no need to look into the Act any further. If, however, after carefully reviewing the definition of security in section 1(v) of the Act we come to the conclusion that there may be a security interest, we should consult with legal advisers since the definition is very broad and has been given various legal interpretations by both Canadian and American Courts. Most commonly, however, a security would include such interests as a share in a company, or a unit in a limited partnership. Once it has been determined that there is a security, then a second question must be asked.

III. A Trade in Securities

Is there a **trade** in a security? A trade has a specific meaning in the Securities Act and includes:

(a) any sale or disposition of a security for valuable consideration;

(b) any participation by a floor dealer in any transaction in a security on the floor of a Stock Exchange;

(c) any transfer, pledge or encumbrancing of securities by a control person (which term will be referred to later in this paper) for the purpose of giving collateral for a bona fide debt; and

(d) any act, advertisement, solicitation or negotiation which is made directly or indirectly to further any of the above types of trades.

IV. Distribution of Securities

Once we have determined that there is a trade in a security, there are only three methods by which such a trade may take place under the Act:

1. Pursuant to a disclosure document, called a prospectus, which must be filed with the Commission. A prospectus is a very detailed document which must comply with the requirements of the Act and regulations thereunder as well as Policy Statements prepared by the Commission to give guidance. It is filed with the Commission, initially as a preliminary prospectus, which would be vetted (reviewed in detail) by the Commission staff. They would bring various deficiencies to the attention of the party filing the preliminary prospectus. While the preliminary prospectus is being vetted by the staff, solicitations, but not sales, may be effected in regards to the securities being offered. Once the deficiencies have been resolved after negotations between the staff and the party filing the preliminary prospectus so that "full, true and plain disclosure" is in fact given, then a final prospectus is filed and may be used to effect actual sales of securities offered by the prospectus for a limited period of time. Securities which are issued pursuant to a prospectus are freely tradeable without further need of a prospectus on resale provided that the securities being resold are not held by control persons – (which person will be referred to later in this paper). The reason for this is that securities distributed pursuant to a prospectus should contain full, true and plain disclosure about the securities and the issuer so that purchasers of the securities would have access to complete information about the issuer. Therefore a purchaser of securities (unless he is a control person) under a prospectus does not need to be concerned with any resale restrictions on those securities, as does a purchaser of securities under a statutory exemption.

2. Pursuant to a statutory exemption in the Act, which exemptions are listed at sections 65(1), 66 and 107(1) and section 115. The predecessor of this Act permitted the trading of securities to be made without a prospectus and indeed, without any further consideration of the Act, if the trade was "not a distribution to the public". The Act has abolished the concept of a "distribution to the public". Instead, the Act has permitted the trading of securities to take place without a prospectus, only in the circumstances where a statutory exemption exists for the specific trade or a discretionary order is granted by the Commission. The reasons for the statutory exemptions in sections 65(1) (exemption from registration) and 107(1) (exemption from prospectus requirements) of the Act are because certain investors are deemed to be so sophisticated that they do not need a prospectus, or they are in such a close relationship to the issuer that they have ready access to information so that they have no further "need to know" and hence do not need to be supplied with a prospectus.

3. Pursuant to a discretionary exemption which may be granted by the Commission under section 116. A discretionary order can only be granted after a written application has been made to the Commission to exempt the trade either from the registration or prospectus requirements of the Act. The Commission may grant such an order if it is satisfied that to do so would not be prejudicial to the public interest. In the usual case, the Commission would impose resale restrictions on the securities so as to comply with the requirements of the closed system.

V. The Closed System

Evolving from the use of statutory exemptions is the so-called "closed system" under the Act. The predecessor of the Act did not really restrict the resale of securities. It merely regulated the initial trade of securities and did not address the matter of resale of securities issued under a statutory exemption. The new Act specifically deals with the resale or secondary trading of securities. The regulatory mechanism governing resale of securities is the closed system. The closed system, simply put, is a means whereby a person who has purchased his securities under a statutory exemption, may, in turn, resell those securities to another purchaser who is also able to use either the same statutory exemption or another statutory exemption. For example, let us say that X Company sells its common shares worth $100,000 to Joe Investor. Since Joe Investor is prepared to pay $100,000 for the common shares, he is deemed to be a sophisticated purchaser due to the substantial size of his investment. Therefore he is entitled to rely on one of the statutory exemptions in the Act permitting purchases of securities for $97,000 or more. Joe Investor can then proceed to resell his common shares in X Company for $100,000 or more to Mike Purchaser. Mike Purchaser can in turn, also proceed to sell the common shares he has acquired for $100,000 or more and so on. In this manner, the securities can be resold several times using the same statutory exemption and no prospectus shall be required to be filed to qualify the securities for resale.

If, however, a vendor of securities wants to "break out" of the closed system and sell to a purchaser who cannot rely on one of the statutory exemptions, then there are only three possibilities for resale:

1. the vendor must qualify the securities for resale by means of a prospectus;
2. the vendor must resell in accordance with the rules of the closed system (which are briefly outlined below); or
3. the vendor must make an application for a discretionary order from the Commission.

The first possibility is fairly clear – a prospectus must be issued to qualify the securities being resold and the distribution is treated in the same fashion as if it were an initial trade in securities. Under the second possibility, the Act sets forth various conditions which must be satisfied before securities can be resold. These resale provisions basically break down into two major categories:

1. resale by persons acquiring their securities under a statutory exemption;
2. resale by control persons. Control persons are those in a position to exercise control over the affairs of the issuer and if a person or company holds 20% or more of the outstanding securities of an issuer he or it is deemed to be in control of that issuer and will have to observe certain restrictions before reselling.

We deal here largely with the secondary trading of securities by a person who initially purchased them under statutory exemption and shall not deal with control persons who are subject to specific rules of resale which are set forth in Section 112 of the Act.

Returning to the example referred to earlier, let us assume that Mike Purchaser cannot resell the common shares of Company X to a purchaser who can rely on one of the statutory exemptions. Instead, he wants to "break out" of the closed system, but he does not wish to file a prospectus to qualify the resold securities. In those circumstances, he will only be able to resell the common shares of Company X if Company X has been a reporting issuer for a certain period of time as specified below.

VI. The Concept of the Reporting Issuer

What is a reporting issuer?

The definition of reporting issuer in section 1(t.1) of the Act is fundamental to the operation of the Act. Basically, and most commonly, an issuer of securities becomes a reporting issuer if it files a prospectus with the Commission, or has its securities listed on the Alberta Stock Exchange.

What are the consequences of becoming a reporting issuer?

The consequences of becoming a reporting issuer are far-reaching. Firstly, a reporting issuer is required to meet the continuous disclosure requirements of the Act (which will be discussed later on in this paper). Secondly, in respect of the closed system, the resale of securities acquired under a statutory exemption will largely be governed by the date that the issuer becomes a reporting issuer. Generally speaking, securities cannot be resold out of the closed system until such time as the issuer has been a reporting issuer for a certain period of time – in the case of securities listed on the Alberta Stock Exchange, for 12 months, and in the case of unlisted securities, 18 months if at the time of purchase the issuer is not a reporting issuer. If, however, the issuer is a reporting issuer at the time of purchase, then the holder of the securities shall be required to hold the securities for a period of 12 or 18 months from the date of purchase, depending on whether the security is listed or unlisted.

Returning to our example, let us assume that X Company is not a reporting issuer at the time that Mike Purchaser acquired the common shares. In that case, he will not be able to resell those securities out of the closed system until X Company files a prospectus with the Commission qualifying the common shares in which case Mike will be required to hold his securities in X Company for 18 months from the date of filing of the final prospectus with the Commission. If, however, Mike buys his common shares in X Company and subsequently those shares become listed on the Alberta Stock Exchange, then Mike will not be permitted to sell those shares until 12 months have elapsed from the date of listing of the common shares. If, however, Mike has purchased the securities **after** X Company has been a reporting issuer for at least 12 or 18 months (depending on whether the securities are listed or not), then he will have to hold those securities for a period of 12 or 18 months (again, depending on whether the securities are listed) from the date of his purchase.

Therefore, as can be seen, the date that an issuer becomes a reporting issuer becomes very critical to the operation of the closed system. If the issuer never becomes a reporting issuer, then the vendor of securities in that issuer will never be able to resell those securities out of the closed system except by means of a prospectus or pursuant to a discretionary order from the Commission, which order shall only be granted in the most extraordinary of circumstances.

VII. The Concept of Continuous Disclosure

Why is the concept of the reporting issuer so important under the Act?

The reporting issuer concept is important because once an issuer becomes a reporting issuer, it will be required to provide continuous disclosure of its affairs, not only to the Commission, but also to its security holders.

Continuous disclosure is made in several different ways:

1. timely disclosure of material changes in the affairs of the reporting issuer;
2. financial statements, both interim and annual, relating to the financial affairs of the reporting issuer;
3. proxy solicitation materials, which include information circulars containing fairly extensive disclosure advising security holders in the reporting issuer as to matters to be discussed at meetings of the security holders;

4. insider trading reports which provide disclosure as to the trading of securities by insiders of the reporting issuer; insiders being directors and officers, or persons or companies holding 10% or more of the voting rights to securities of the reporting issuer.

Upon filing of all this information, which must also be provided to its security holders, (except insider reports), a reporting issuer shall keep a fairly up-to-date and accurate statement of its affairs. The continuous supply of such information creates a history or track record for the reporting issuer. Once established, this track record will enable further purchasers of the securities of a reporting issuer to make an intelligent and informed investment decision. The Legislature has deemed that in the case of listed securities, normally a 12-month track record and in the case of unlisted securities an 18-month track record, is sufficient to assist potential investors to make that informed decision. Therefore, it is the establishment of this track record which is crucial to an understanding of how the closed system operates.

Therefore, the closed system is a means of ensuring that until such time as there is a sufficient track record established for an issuer, the securities of that issuer can only be traded pursuant to various statutory exemptions among sophisticated purchasers or purchasers who have no "need to know" since they are in a close relationship with the issuer and have ready access to knowledge. Once the issuer's track record has been established for the appropriate period of time, by means of the continuous disclosure requirements of the Act, trades may be made out of the closed system to purchasers who may not be able to rely on a statutory exemption. This "break out" from the closed system is dependent, however, on the issuer being a reporting issuer and the continuous disclosure requirements of the Act being satisfied for the appropriate periods of time, as cited earlier.

VIII. Summary

In summary, the Act is contingent upon there being a **trade in securities** as defined in the Act. Once this has been determined, a trade in securities may only be effected by means of:

1. a prospectus;
2. a statutory exemption under various provisions of the Act; or
3. a discretionary exemption granted by the Commission.

If the trade has been effected pursuant to a statutory exemption (and in some cases by a discretionary exemption), then the rules of the closed system shall apply and the resale of the securities shall be restricted in accordance with those rules which, as indicatd, shall depend largely upon whether the issuer is a reporting issuer. If the issuer is a reporting issuer, the resale of securities under the closed system is facilitated since there is a track record established together with up-to-date information about that reporting issuer which is readily available to potential investors. Therefore, as can be seen, the operation of the Act in so far as the trading in securities is concerned, is not only dependant on reliable persons and companies (registrants) through whom securities are sold, but that those purchasing their securities have access to full, true and plain disclosure about the issuer.

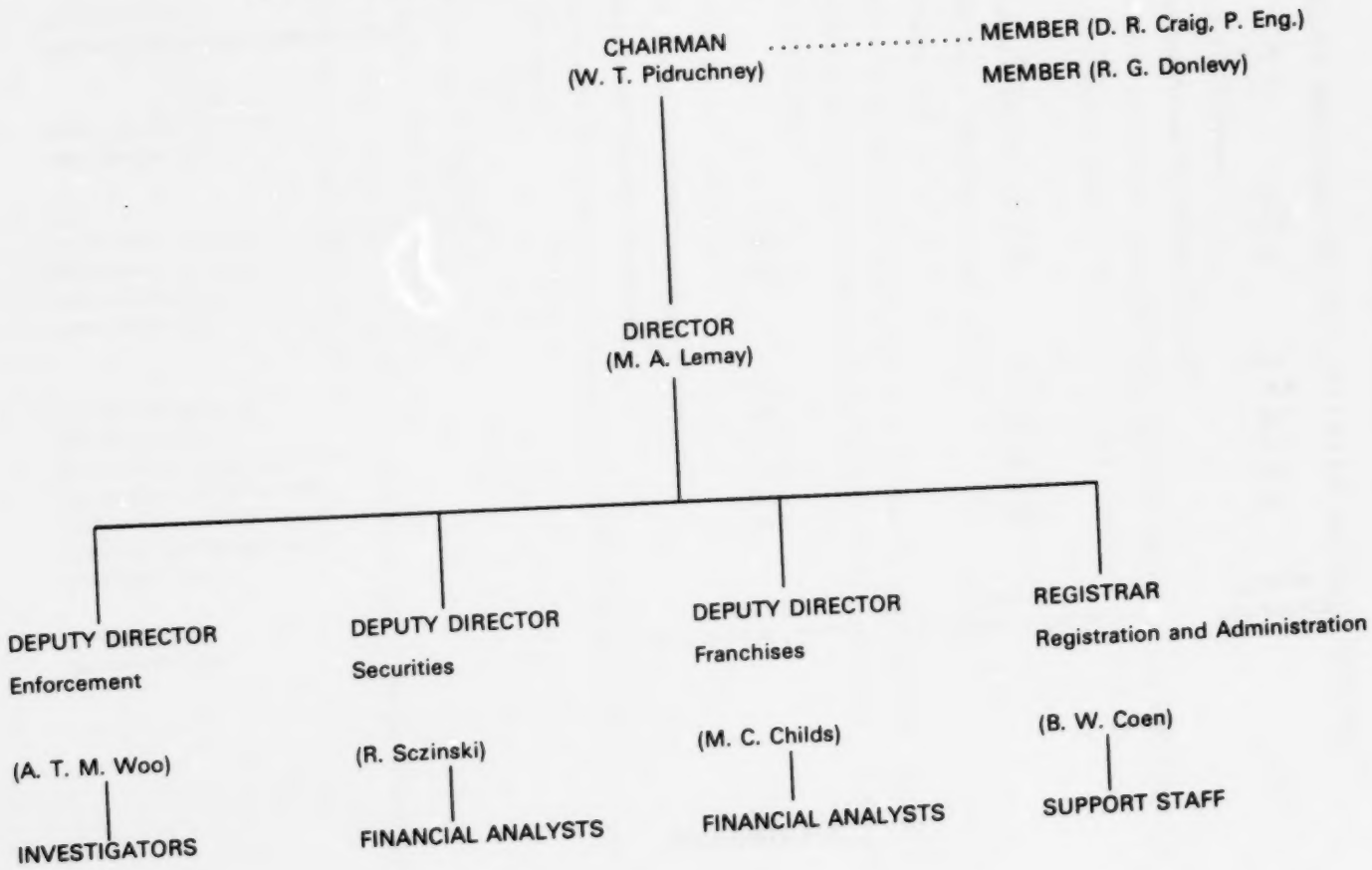
IX. Conclusion

Although this paper has attempted to outline the basic principles of the Securities Act in regards to trading in securities under the closed system, due to the complexity of the legislation, it is recommended that an issuer or investor consult with his or its professional advisors to ensure that there is full compliance made with the Act. Naturally, the staff of the Commission is available to discuss questions of interpretations of the Act and regulations thereunder, but it will, of course, be up to the investor or issuer and its advisors to make the ultimate determination as to a course of action, depending on a particular fact or situation.

APPENDICES

APPENDIX 1

ALBERTA SECURITIES COMMISSION ORGANIZATION CHART



APPENDIX 2

Description of Classifications	Applications Received 1980/81	Applications Received 1981/82	Percentage Change
Securities Act			
Company Registrations	349	382	9%
Salesmen's Registrations	1,018	1,310	28%
Preliminary Prospectuses	270	283	5%
Final/Renewal Prospectuses	386	420	9%
Sundry Filings	783	747	−4%
Orders and Rulings	637	752	18%
Franchises Act			
Prospectuses H-1, H-2	121	128	7%
Salesmen's Registrations	160	157	−2%
Exemptions (Statement of Material Facts)	51	54	6%
Cemeteries Act			
Registrations E-1, E-2,	0	7	--%
E-3, E-4	32	79	147%
Prearranged Funeral Services Act			
Registrations	39	70	79%
TOTAL	3,846	4,389	14%

APPENDIX 3

POLICIES AMENDED OR IMPLEMENTED DURING 1981/82

1. **A.S.C. Policy #3-22 (New):**

   Discretionary Private Placement Offerings

   This new policy outlines the Commission's usual policy for exemptions from registration and prospectus requirements based on limited distributions to sophisticated investors.

2. **National Policy #33 (New):**

   Certified Feature Productions and Certified Short Productions

   This new National Policy gives guidelines to those interested in preparing public offerings for certified feature film productions and certified short film productions which qualify for favourable income tax treatment.

3. **A.S.C. Policy #3-03 (Amendment):**

   Material to be Filed with Preliminary Prospectus, Prospectus and Renewal Prospectus

   This policy amends the filing requirements for documents to be submitted with the above noted prospectuses.

4. **A.S.C. Policy #3-13 (New):**

   Recognition of Stock Exchanges

   This new policy indicates the Canadian Stock Exchanges that will be recognized under various sections of the New Securities Act.